GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:122
ANSWERED ON:25.02.2009
CREDIT DEPOSIT RATIO OF BANKS
Chinta Mohan Dr.

Will the Minister of FINANCE be pleased to state:

(a) the average Credit Deposit Ratio (CDR) of the public sector banks during the current financial year,till December, 2008;

(b) whether there is a difference in the average CDR in various States of the country;

(c) if so, the details thereof,State-wise; and

(d) the steps taken by the Government to minimise regional imbalances in credit deployment?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A Statement is laid on the Table of the Lok Sabha.

Statement referred to in reply to Part (a),(b),(c) & (d) of the Lok Sabha Starred Question No.122 for answer on 25th February, 2009 regarding `Credit Deposit Ratio of Banks by Dr. Chinta Mohan.

(a): The latest information on the average Credit Deposit Ratio(CDR) of Public Sector Banks(PSBs) as available upto September, 2008 is given at Annexure-I.

(b): Yes, Sir.

(c): The details of the State-wise CDR of Scheduled Commercial Banks (SCBs) for the year ending 2006, 2007 and 2008 are given at Annexure-II.

(d): The Government appointed an Expert Group chaired by Shri Y.S.P.Thorat on 5th November,2004 to, interalia,study the State-wise differences in the CDR, identify the impediments to flow of credit in various Regions/States,examine the role `of various agencies such as banks,State Governments, etc.in improving the flow of credit and suggest agency-wise action plan for implementation and monitoring of this ratio. Based on recommendations of the Expert Group which were accepted by the Government in September, 2005, the Reserve Bank of India (RBI) issued an advisory to all SCBs on 9th November, 2005 to constitute a Special Sub Committee (SSC) under the District Level Coordination Committee (DLCC) for drawing up Monitorable Action Plans (MAPs) in those districts where CDR was less than 40%. For districts with CDR less than 20%.in addition to the above measures,Banks were also asked to give greater focus and attention to improving CDR in consultation with State Governments.

Consolidated reports based on the feedback received from the DLCCs regarding progress of implementation of MAPs are tabled at SLBC meetings for discussion and further action. The SLBC also monitors and is required to take corrective action if CDR for the entire State is low. The total number of districts having CDR less than 40% came down from 181 as on 31.3.2006 to 158 as on 31.3.2008.